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DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

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Supervisor LRZ

Inspection Report Minerals Regulatory Program

Report Date: Nov. 22, 2004

Mine Name: Iron Mountain Mine
Operator or Permittee Name:
Geneva Steel
Permittee Mailing Address:
P.O. Box 2500, RFD 1, Provo, Utah 84603

Inspector(s): Doug Jensen

Other Participants: None

Permit Status: Inactive
Current Acreages: 417
Total Permitted (Bonded): \$1,073,000
Total Disturbed: 417

Permit number: M/021/008
Inspection Date: Nov. 15, 2004

Weather: Foggy, Cool
Inspection Start Time: 8:00 a.m.
Inspection End Time: 8:30 a.m.
Site location/Area Inspected (i.e. Pit #):
Mine Access & Facilities
Surface Ownership: BLM/Fee
Mineral Ownership: Fee
Mineral Mined: Iron
Type of Mine: Open Pit

Elements of Inspection	Evaluated	N/A	Comment	Enforcement
1. Permits, Revisions, Transfer, Bonds	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Public Safety (open shafts, adits, trash, signs, highwalls)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Protection of Drainages	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Explosives, magazines	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Deleterious Material	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Roads (maintenance, surfacing, dust control, safety)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Concurrent Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Erosion Control	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Demolition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Backfilling and Grading (trenches, pits, roads, highwalls, shafts, drill holes)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Water Impoundments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Soils	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Air Quality	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Inspection Date: November 15, 2004; Report Date: November 22, 2004
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M/021/008

Purpose of Inspection:

Inspect the site while in the area.

Inspection Summary:

2. Public Safety (open shafts, adits, trash, signs, highwalls): Access to the site was initially restricted by locked gates. Two of these gates inspected during this visit were open. A traffic pattern on the site appears to indicate that there has been unauthorized access to the site.

All the windows of the facilities on site have been broken out and doors into these buildings are standing open.

Because of the existence of many hazardous areas on the site, unrestricted access to the mining areas should be minimized.

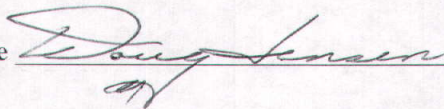
Directions to the site:

The site is located west of Cedar City on highway 56

GPS data:

None gathered

Inspector's Signature



Date: November 22, 2004

DJ:jb

cc: Ed Ginouves, BLM, Cedar City FO

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CC: Richard Ross - Geneva Steel

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Palladon Ventures Ltd.

Palladon Ventures Ltd. Announces Agreement to Purchase Utah Iron Ore Property

1/27/05

BROOMFIELD, Colo., Jan 27, 2005 (BUSINESS WIRE) --

Palladon Ventures Ltd. (TSX VENTURE:PLL) ("Palladon") is pleased to announce that Palladon and Western Utah Copper Company ("WUCC") have entered into an agreement with Iron Ore Mines LLC ("IOM") to purchase all of its iron ore properties and interests in Iron County, in southwestern Utah (the "JV Property"). The JV Property, situated west of Cedar City, Utah, contains two large iron deposits, the Comstock / Mountain Lion and the Rex deposits, and several large, low-grade iron ore stockpiles. The JV Property occupies much of the Iron Springs District, the largest-tonnage and highest-grade productive iron district in the western United States, with a history of iron production extending from 1852 to 1995.

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The purchase price for the JV Property is \$10.0 million (U.S.), of which \$50,000 was paid on signing, \$1.3 million will be a credit at closing for the amount of the reclamation bond obligation to be assumed by Palladon and WUCC, and \$8.65 million will be paid in cash at closing, scheduled for on or before April 9, 2005. Palladon anticipates that the financing for the acquisition's purchase price will be from a combination of secured debt and equity financing. The acquisition remains subject to the approval of the TSX Venture Exchange.

The JV Property contains approximately 2,560 hectares of net mineral and surface acres, including 162 hectares of irrigated farm land valuable principally for its water rights. This landholding covers all of the Comstock / Mountain Lion deposit, and most of the Rex deposit. The existing iron ore stockpiles are also located on the JV Property. The iron ore reserves, including all of the Rex and Comstock/Mountain Lion deposits and the stockpiles, total 126,617,000 mt averaging 40.9 % iron. The total reserves, including the stockpiles, contain 51,780,000 mt of Fe (iron metal).

Prior to entering into the purchase agreement with IOM, Palladon and WUCC entered into a Joint Venture Agreement, which provides that Palladon shall have a 65 % interest in the JV Property, and WUCC shall have a 35 % interest in the JV Property.

Both the Comstock / Mountain Lion and Rex deposits were extensively investigated over many years by IOM and its affiliated / parent company Geneva Steel Company, as well as by their predecessors in interest including U. S. Steel and other companies. The Comstock / Mountain Lion deposit produced ore for shipment to steel mills in Utah and Colorado for several decades before shutting down in 1995. The deposit remains as it was left, and is in a condition for mining to resume. The total remaining mineable ore tonnage in this deposit is 25,031,000 mt averaging 47.1 % iron. The Rex deposit has never been mined. This deposit contains an open-pitabile reserve of 89,066,000 mt averaging 39.0 % iron. In the general vicinity of the Comstock / Mountain Lion deposit are several low-grade stockpiles, estimated in total to contain 12,520,000 mt averaging 42.0 % iron.

Palladon and WUCC believe that acquisition of the JV Property with its large, high-grade proven iron reserves represents an exceptional business opportunity. At the present time there is no established market for iron ore from the JV Property. For this reason, Palladon and WUCC believe that the best use for the iron ore of the JV Property may be to process the ore on-site to produce direct-reduced iron nuggets (95 % iron) or "hot metal" (liquid pig iron) as feed for an adjoining steel plant, with the steel products to be sold into the growing markets of the southwestern United States. Palladon and WUCC contemplate that such an

operation would produce approximately 1 million mt/yr of iron and/or steel products, which at present prices of US\$700/mt would generate US\$700 million in annual sales. Known reserves would be sufficient for approximately 50 years of production at this rate. The southwestern U. S. is a large and growing market for iron and steel, which to date has been supplied predominantly by foreign steel. Production from the centrally-located JV Property will give the operation substantial transportation cost advantages throughout the southwestern U. S. over imported iron and steel.

Palladon and WUCC intend to immediately undertake assembling the information contained in numerous feasibility studies on the JV Property to investigate the commercial viability of the reserves.

A National Instrument "43-101" Technical Report discussing the geology, mineral reserves and development potential of the JV Property has been prepared for immediate filing. Further information on the JV Property can be obtained from a review of this report.

Qualified Person and Quality Assurance and control

Dr. William B. Wray, Ph.D., L.P.G. (Utah), Member (39 years) S.M.E of A.I.M.E., is acting as the qualified person as defined in National Instrument 43-101 for the purpose of the technical release of information contained herein. Dr. Wray is not independent as he is an officer of Western Utah Copper Company which has an ownership and financial interest in the JV Property which is the subject of this Press Release.

Open House Presentation

Palladon will host an investor presentation and open house on Thursday, January 27, at 4pm in the Westin Bayshore Hotel in Vancouver. Take the Tower elevator to the Chairman Room on the mezzanine level. Please feel free to attend.

ON BEHALF OF THE BOARD OF DIRECTORS OF PALLADON VENTURES LTD. per: George S. Young, President, Director

The TSX Venture Exchange has not reviewed and does not take responsibility for the adequacy or accuracy of the contents hereof.

Palladon Ventures Ltd. (TSX VENTURE:PLL)

SOURCE: Palladon Ventures Ltd.

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